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S E C R E T KIRKUK 000302

SIPDIS

E.O. 12958: DECL: 12/23/2015

TAGS: EPET ECON PGOV PTER IZ

SUBJECT: (S) FUEL TRUCK DRIVERS MAY CRIPPLE OIL FLOW IN CENTRAL IRAQ

CLASSIFIED BY: Richard K. Bell, Regional Coordinator, Exec,
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REASON: 1.4 (b), (d)

¶1. (U) This is a SET Tikrit cable.

¶2. (S) SUMMARY. A truckers' strike at the Bayji Refinery may cripple the oil flow throughout central Iraq. This strike, which appears to be unnoticed in other parts of Iraq, is in response to the recent fuel price increase. END SUMMARY.

¶3. (S) As a result of the oil price increase throughout Iraq on the 18th of December, the fuel truck drivers quit moving fuel from the Bayji refinery on the 19th of December. According to the Bayji depot manager, Mr. Ibrahim Muslat, in a conversation with a 101 ABN DIV officer, the AIF are threatening truck drivers, and that is causing the strike. This information does not appear to be published anywhere or provided to the Iraqi government officially.

¶4. (S) The problem may be more deep rooted than the strike, which appears to be an economic response to the fuel price increase. An intelligence source tells CF that every truck coming out of the refinery pays a protection toll to the AIF. When the AIF said stop going to the refinery, the drivers had no choice. An IED at the entrance of the refinery on the 14th of December, within sight of the guard shack, adds support to this theory.

¶5. (S) Following the money is very difficult to do; however, the 101ABN Div is making headway in that direction. The difference between the official price and the black market price makes the bulk of the profit for many AIF in Northern Salah Ad Din. Additionally, this difference appears to provide funds directly to AQIZ.

¶6. (S) COMMENT: As the storage tanks are filled, the impact of the strike has reduced production at the Bayji Refinery, allowing the crude storage ITIA tanks to fill to capacity of 1.4 million barrels. According to Sheikh Mana'a, Deputy Director of the North Oil Company, exports through Turkey had to begin during the night of 22 December, or the Kirkuk oil fields, which supply the Bayji refinery, would begin shutting wells. Further impacts may be increased AIF attacks against pipelines to pressure the national government to reverse the price increases.

7 (S) To the people in Central Iraq, the pipeline exportation of crude oil through Turkey provides no direct benefits, and could be seen as a reduction in their income from refined products. Diversion to the black market is not possible with pipeline shipments as it is with truck shipments. No money can be made by the AIF, no money can be made by the black marketeers, and no money can be made by the many people who support and facilitate those groups. END COMMENT.

BELL